

Ms. Mary L. Cottrell
Secretary
Department of Telecommunications & Energy
One South Station
Boston, MA 02110

December 16, 2003

Dear Ms. Cottrell:

I am writing to you to offer comments on D.T.E. 03-100, a petition by the Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company d/b/a NSTAR Electric for approval by the Department of Telecommunications & Energy for a new renewable power supply offering.

Sterling Planet (www.SterlingPlanet.com) is a leader in offering diverse renewable energy blends to homes and businesses nationwide through utility and Esco partnerships as well as direct Renewable Energy Credit (REC) Sales. Sterling Planet's mission is to harness the power of consumer demand to convert at least 10% of the nation's electricity production to environmentally preferable energy – energy that is renewable, sustainable, diverse, domestically based and low impact – by 2012, while stimulating local economies and creating jobs. With a national focus and sales in 45 states, Sterling Planet has offices in New York, Texas, Florida, Georgia, and Connecticut. Through the Sterling Power Group, the company works to develop, own and operate new generators powered by the sun, wind, bioenergy and other renewable sources.

Sterling Planet currently is offering renewable power options in several states. In New York State we have partnered with Niagara Mohawk, Agway Energy Services and LIPA. In Massachusetts, Sterling Planet has partnered with Mass Electric, while in Rhode Island, we are partnering with Narragansett Electric. I have enclosed copies of our marketing brochures for New York that explain our New York offering.

Sterling Planet is pleased that NSTAR supports green power offerings. However we are deeply concerned that the program outlined by NSTAR will be costly, which will result in low participation, is anti competitive, will damage the market for voluntary green power sales in Massachusetts, and may force Sterling Planet to cease all marketing in Massachusetts. Our concerns are further detailed below.

The NSTAR proposal is not cost effective:

To achieve nominal participation rates, NSTAR's proposal would require a project manager and sales personal, as well as a marketing budget to launch and promote the

program. Since it would be unfair for all rate payers to pay these costs, they would need to be paid by program participants. A minimum investment of \$300,000 to \$500,000 would be required in the first year. In addition, NSTAR's learning curve in the marketing of green power will add additional cost. When these costs are added to the costs of REC's (Green Tags), the price premium for NSTAR Green will be excessive, causing significant consumer resistance and low participation rates.

The NSTAR proposal is anti-competitive and goes against the spirit of choice:

Massachusetts is a restructured state. In exchange for 100% stranded cost recovery, NSTAR was only allowed to be in the delivery of electricity. While retail residential choice has had a very slow start in Massachusetts, it is still incumbent that actions encourage retail choice. Sterling Planet believes the sale of Green power, through the sale of REC's, like the Mass Electric GreenUp program should be model used and follows the spirit of consumer choice.

The NSTAR proposal will damage the voluntary market for renewable energy sales in Massachusetts:

There are two markets for renewable energy in Massachusetts, RPS and voluntary green power purchases. If offered correctly, Sterling Planet believes that between 10% to 15% of all households and small businesses in Massachusetts will enroll for a creditable voluntary green power offering and pay a small price premium to do so. Our concern is that the NSTAR proposal will not be successful and actually discourages REC Suppliers like Sterling Planet from making any additional marketing investment in the Massachusetts market.

Furthermore, based on our experience in many markets, we have found that the most cost effective and consumer friendly way to offer green power is through Utility partnering programs that allow multiple offers. Through this model, the utility creates a uniform and fair platform for all REC Suppliers to participate in, thus creating choice and using the power of consumer demand to drive sales. This model is also the best way to create necessary buzz to build a market for green power sales. The GreenUp program that Mass Electric developed is a good example.

In addition, offers for green power need to be creditable. Sterling Planet's experience has shown us that at a minimum, a green power offering must be at least 50% renewable, and that a 100% option should always be offered. In markets where we offer both a 50% and 100% offering, over 80% of all participants choose the 100% offering. Unfortunately, the NSTAR 25% option does not meet minimum acceptability requirements and will be branded unacceptable and poor value by many people.

Finally, without the ability for REC suppliers like Sterling Planet to offer all residential customers in a given geographic area the same offering, proven marketing tactics like event marketing, affinity marketing campaigns and public relations efforts become cost prohibitive. This is even more of an issue given the patch work service areas of the three major utilities in Massachusetts. The NSTAR proposal not only closes the door on Sterling Planet and several other REC suppliers, it is contrary to the development of the most effective way to develop a voluntary market for Green power sales in Massachusetts, which is to have the same offerings available to all residential customers, regardless of Utility.

Please know that Sterling Planet wishes to work with NSTAR and the DTE to create and successfully launch a program that would be open to creditable, DTE licensed REC suppliers. We believe that a Mass Electric GreenUp program in the NSTAR service area will best serve the development of the voluntary green power market in Massachusetts. We stand ready to assist NSTAR and the DTE in any way possible to redesign the NSTAR Green into a Mass Electric's GreenUp program.

Sterling Planet appreciates the opportunity to offer these comments and is pleased to answer any questions the DTE may have.

Sincerely,

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